

*Review of Central Intell*

**EXECUTIVE OFFICE OF THE PRESIDENT  
NATIONAL SECURITY COUNCIL  
WASHINGTON**

*ER 8-9281*

December 21, 1956

MEMORANDUM FOR THE NATIONAL SECURITY COUNCIL

SUBJECT: Safeguarding Official Information in the  
Interests of the Defense of the United States

REFERENCES: A. Executive Order 10501  
B. NSC Action No. 948

Transmitted herewith for the information of the National Security Council is a report on the implementation of Executive Order 10501, prepared by the Interdepartmental Committee on Internal Security pursuant to NSC Action No. 948-b, which designated the ICIS as the agent of the Council to conduct the continuing review required by Section 17 of the Executive Order.

Brief reports on the subject by the Interdepartmental Committee on Internal Security have previously been incorporated in the annual reports on the status of internal security programs. The enclosure is a somewhat more detailed summary of the activities of the ICIS to date in connection with its review of the implementation of Executive Order 10501.

Unless otherwise requested, the enclosure will not be scheduled on the agenda of a Council meeting.

JAMES S. LAY, JR.  
Executive Secretary

cc: The Secretary of the Treasury  
The Attorney General  
The Special Assistant to the  
President for Disarmament  
The Director, Bureau of the Budget  
The Chairman, Atomic Energy Commission  
The Federal Civil Defense Administrator  
The Chairman, Joint Chiefs of Staff  
The Director of Central Intelligence  
The Chairman, Interdepartmental  
Intelligence Conference  
The Chairman, Interdepartmental  
Committee on Internal Security

REPORT  
by the  
INTERDEPARTMENTAL COMMITTEE ON INTERNAL SECURITY  
on  
THE IMPLEMENTATION OF EXECUTIVE ORDER 10501

To assist the National Security Council in carrying out the responsibilities assigned to it by Section 17 of E. O. 10501, the Council at its meeting of October 29, 1953, designated the Interdepartmental Committee on Internal Security (ICIS) to conduct a continuing review of the implementation of this Order to insure that classified information is properly safeguarded in conformity therewith.

A. ICIS QUESTIONNAIRE

In pursuance of this responsibility, the ICIS, on April 13, 1955, directed a questionnaire to 56 executive agencies regarding implementation of the Order. Various actions taken as a result of ICIS analysis of the responses to this questionnaire are summarized below:

1. Agency Review -- The ICIS directed letters to three agencies calling their attention to the mandatory requirement of Section 18 of the Order for the designation of staff members to conduct a continuous review of the implementation of the Order.

2. Authority to Classify -- The Departments of Labor, Health, Education and Welfare, and the Federal Communications Commission, in responding to the questionnaire, requested that they be redesignated from Section 2(b) (non-delegable authority to classify) to Section 2(c) (delegable authority to classify). The Department of Labor was advised that it does not appear to ICIS that a sufficient amount of classified material is currently originated to warrant delegation of classifying authority. The Department of Health, Education and Welfare and the FCC, after consulting with the ICIS Subcommittee, do not now seek redesignation under the Order.

3. Specific Deficiencies -- Six agencies were advised of specific deficiencies noted in their programs following an analysis of the responses. Generally, these deficiencies related to provisions of the Order requiring the accountability for classified documents and unwarranted delegations of authority to classify.

4. Agency Suggestions -- The Securities and Exchange Commission, Department of Interior and U. S. Information Agency suggested that a uniform system of designation be established regarding non-defense information which nevertheless should be privileged. This suggestion was not pursued in view of previous ICIS determinations that such a matter is not within its jurisdiction and no agency had reported that absence of such uniform designation resulted in an adverse effect upon security. The Selective Service System referred to ambiguity concerning individual responsibility of agency heads in applying the criteria for access to classified information, and pointed out

that there was some disparity between the intent of E. O. 10501 and its relationship to E. O. 10450. A possible revision of E. O. 10450 is presently under study in the Department of Justice. The Council of Economic Advisers and the Department of Treasury suggested more intense consideration of overclassification, a matter subsequently covered by ICIS in a letter to various departments and agencies as shown below under item 7.

5. Information Classified Under E. O. 10290 -- In the files of some of the 28 agencies which have no original classifying authority under E. O. 10501, there exists a reservoir of documents classified under E. O. 10290, which Order was superseded by E. O. 10501. According to an opinion by the Office of Legal Counsel, Department of Justice, these agencies now have no responsibility to declassify information under E. O. 10501. There is now pending before ICIS a recommendation for the solution of this problem.

6. Redesignation of Agencies from Section 2(c) to 2(a) of E. O. 10501 -- The responses to the questionnaire indicated that there are some agencies which have not originated any classified defense information and yet have not been designated under Section 2(a) which denies authority to classify. Action is pending on a recommendation that appropriate designation under Section 2(a) of E. O. 10501 be made by the President with respect to the Farm Credit Administration, Federal Coal Mine Safety Board of Review and the Federal Facilities Corporation (formerly the Rubber Producing Facilities Disposal Commission).

7. Declassification, Downgrading and Overclassification -- The information furnished by the departments and agencies in response to the questionnaire indicated that the greatest difficulty in proper compliance with the Order pertains to its requirements for declassification and downgrading. This difficulty results because of the magnitude of classified defense information and the enormous drain on manpower, particularly those most qualified and experienced, which would be required to accomplish declassification and downgrading. For example, the Department of the Navy reported that it has one billion pages of classified material on hand and generates 200,000,000 pages annually. The Department of the Army estimates that it would require 6,638 employees full time to conduct an annual review of its classified defense documents, with an additional 1,240 needed to perform clerical duties. The Department of State has estimated that approximately 1,100 employees would be engaged in review procedures if continuous downgrading and declassification were required.

Replies to our letter dated January 26, 1956, to agencies primarily concerned with declassification and downgrading have been received. The information furnished by them regarding declassification, downgrading, overclassification, and unnecessary classification is currently under study.

8. Transmission of Confidential Information -- The ICIS agreed to recommend a revision of E. O. 10501 which would provide for the transmission of "Confidential" documents without the requirement for registered mail and to substitute therefor the discretionary use of (1) the certified mail system or (2) the use of ordinary first-class mail. It is estimated that this recommendation would result in a savings of approximately \$125,000 a year by the use of certified mail for each 500,000 transmissions without any material decrease in security. The ICIS study indicated that the present requirement for the use of

registered mail in the transmission of Confidential documents is an unnecessary precaution in view of the integrity and reliability of our mail system. Submission of this recommendation has been held up pending the formulation of other recommendations for changes in the Order, so that all amendments might be processed at the same time.

9. Summary of Items Pending Further Study and Action by the ICIS --

a. Recommendations to agencies concerned for means to declassify material classified under E. O. 10290 in the custody of some of the 28 agencies now without authority to classify or declassify under the provisions of the existing Order (E. O. 10501).

b. A draft directive for Presidential approval which would deny authority to classify to 3 agencies which do not originate defense information.

c. Study of responses by Executive branch agencies, having authority to classify, to the ICIS letter of January 26, 1956, requesting their suggestions and recommendations relating to declassification, downgrading, overclassification, and unnecessary classification.

d. Revision of the Order with respect to transmission of "Confidential" documents.

B. OTHER PROBLEMS

Other ICIS matters not arising out of the review of the questionnaire, but directly related to safeguarding of classified defense information, are as follows:

1. The problems connected with the protection of highly classified defense information which must not fall into enemy hands during an attack now are being studied.

2. A study by an ad hoc committee is now being conducted regarding the advisability of establishing a central physical security equipment agency to test and evaluate existing physical security safeguards as well as to undertake necessary research in this field.

3. The eligibility of representatives of foreign governments to receive classified defense information of the United States Government under the Presidential Directive of May 23, 1953, as affected by the applicability and requirements of E. O. 10501 to this general problem, is presently under study by ICIS.

4. Recommendations listing conditions under which classified defense information might be made available to non-government persons for purposes of scholarly research are awaiting final approval by the departments represented on ICIS.